

STATE OF KANSAS
KANSAS STATE EMPLOYEES HEALTH CARE COMMISSION
NOTICE OF HEARING ON PROPOSED ADMINISTRATIVE REGULATIONS

A public hearing will be conducted at 1:00 p.m. on Monday, May 24, 2010, in Room 106 of the Landon State Office Building, 900 SW Jackson St., Topeka, Kansas, to consider the adoption of proposed changes to existing regulations of the Kansas State Employees Health Care Commission.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed amendments. All interested parties may submit written comments prior to the hearing to the State Employee Health Plan, KHPA, 900 SW Jackson, Rm. 900-N, Topeka, Kansas 66612, or to lea.selleck@khp.ks.gov. All interested parties will be given a reasonable opportunity to present their views orally on the adoption of the proposed amendments during the hearing. In order to give all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statements in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Lea Selleck at (785) 368-6361 or through the Kansas Relay Center (1-800-766-3777) or by e-mail at lea.selleck@khp.ks.gov. Handicapped parking is located on the south end of Landon State Office Building, directly across the street from the building's north entrance, and on Ninth Street. The building's north entrance is accessible to individuals with disabilities.

The regulations are proposed for adoption on a permanent basis. A summary of the proposed regulations and their economic impact follows.

K.A.R. 108-1-1. Eligibility. K.A.R. 108-1-1 establishes the eligibility requirements for state employees to be covered under the state's health care benefits program; i.e., the State Employee Health Plan (SEHP). Revisions to this regulation would reduce the new employee waiting period for joining the SEHP from sixty (60) days to thirty (30) days, modify the language regarding waiver of the waiting period to clarify when it will apply, and make the language regarding coverage of dependents more consistent with two related regulations (K.A.R. 108-1-3 and K.A.R. 108-1-4) and with current membership practices.

No economic impact on the general public is anticipated.

The cost/savings to employees resulting from being able to enroll in the SEHP earlier will depend on what an employee was paying for health coverage prior to being employed by the State of Kansas. In most cases, employees will have reduced health care costs by joining the plan earlier since the state pays the majority of the employee-only health plan

coverage and pays, on average, fifty-five (55) percent of the cost for covering dependents.

With the change in the waiting period, state agencies and employees will pay the plan contributions thirty (30) days earlier, so there will be additional cost to both for contributions. The SEHP estimates that this will result in an additional cost to all state agencies of \$2,429,536. On a per member basis, the average revenue (employer and employee paid contributions) generated by allowing members into the plan thirty (30) days earlier is estimated to be \$665.86 per newly hired and enrolled plan member, with an estimated claims cost during this thirty (30) day period of \$484.04 per newly hired and enrolled plan member.

K.A.R. 108-1-3 School district employee health care benefits plan. K.A.R. 108-1-3 establishes the eligibility requirements for school district employees to be covered under the school district component of the SEHP. Revisions to this regulation would reduce the new employee waiting period for joining the SEHP from sixty (60) days to thirty (30) days, modify the language regarding waiver of the waiting period to clarify when it will apply, and make the language regarding coverage of dependents more consistent with two related regulations (K.A.R. 108-1-1 and K.A.R. 108-1-4) and with current membership practices.

No economic impact on the general public is anticipated.

The cost/savings to employees resulting from being able to enroll in the SEHP earlier will depend on what an employee was paying for health coverage prior to being employed by the school district and enrolling in the SEHP. In most cases, employees will have reduced health care costs by joining the plan earlier since the employer pays the majority of the employee-only health plan coverage and pays, on average, fifty-five (55) percent of the cost for covering dependents. The revenue generated by employees is estimated at \$53,444 over the course of the year based on current contribution rates.

With the change in the waiting period, participating school districts and their employees will be paying the plan contributions thirty (30) days earlier so there will be additional cost to both for contributions. The SEHP estimates that this will result in an additional cost to participating school districts of \$162,791. On a per member basis, the SEHP estimates the average revenue (employer and employee paid contributions) generated by allowing members into the plan thirty (30) days earlier would be \$752.57 per newly hired and enrolled plan member with an estimated claims cost during this thirty (30) day period of \$429 per newly hired and enrolled plan member.

K.A.R. 108-1-4 Local unit of government employee health care benefits plan. K.A.R. 108-1-4 establishes the eligibility requirements for non state public employees to be covered under the public employee component of the SEHP. K.S.A. 75-6508(a)(2) provides that the Kansas State Employees Health Care Commission (HCC) may designate by rules and regulations those groups which are qualified to participate in the SEHP. The proposed revisions would streamline the process of bringing eligible groups

into the SEHP, reduce the new employee waiting period for joining the SEHP from sixty (60) days to thirty (30) days, modify the language regarding waiver of the waiting period to clarify when it will apply, and make the language regarding coverage of dependents more consistent with two related regulations (K.A.R. 108-1-1 and K.A.R. 108-1-3) and with current membership practices.

No economic impact on the general public is anticipated.

Streamlining the process for allowing eligible public employers to join the plan may offer the opportunity to provide the eligible public employers and their participants with greater benefit levels and/or improved rate stability. However, the economic impact on the additional public employers and the participating employees will depend on what the current benefits and employer and employee contributions are under their current plans relative to the SEHP.

Additional staff may be required to enroll and provide service to the new groups, and revisions to the billing and payment process may be required to accommodate the increasing number of non state employer groups in the SEHP. An increase in the administrative fees applied to all non state employer groups may be required to support any additional staff and software purchases that may be needed.

The cost/savings to an employee resulting from being able to enroll in the SEHP will depend on what an employee was paying for health coverage prior to being employed by the non state public employer and enrolling in the SEHP. In most cases, employees will have reduced health care costs by joining the plan earlier since the employer pays the majority of the employee-only health plan coverage and pays, on average, fifty-five (55) percent of the cost for covering dependents.

With the change in the waiting period, participating non state public employers and employees will be paying the plan contributions thirty (30) days earlier, so there will be additional cost to both for contributions. The SEHP estimates that this will result in an additional cost to participating public employers of \$433,246. On a per member basis, the SEHP estimates the average revenue (employer and employee paid contributions) generated by allowing members into the plan thirty (30) days earlier would be \$750.81 per newly hired and enrolled plan member, with a claims cost during this thirty (30) day period of \$597.05 per newly hired and enrolled plan member.

A copy of the proposed regulations and the economic impact statements may be obtained on the KHPA website at www.khpa.ks.gov/health_reform/regulations.html or by contacting Lea Selleck: State Employee Health Plan, 900 SW Jackson St., Rm. 900-N, Topeka, Kansas 66612; (785) 368-6361; lea.selleck@khpa.ks.gov.